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EJENDOMSSELSKABET GOTHERSGADE 55 APS

Annual Report 2017

CVR No.: 13916497

Ejendomsselskabet Gothersgade 55 ApS
Vognmagergade 11
1148 Copenhagen K
Registered office: Copenhagen

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Management's review

MAIN ACTIVITY

The Company's main activity is to rent out its investment property. The property is fully rented on a long term contract.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

Revenue amounts to DKK 14.8 million (DKK 13.1 million in 2016). Operating profit before net financials amounts to DKK 11.3 million (DKK 7.9 million in 2016).

Profit before tax is DKK 12.1 million (DKK 7.0 million in 2016).

The operating profit in 2016 was affected by the legal costs related to the legal proceedings in Eastern High Court regarding the lease. In 2017 the operating profit is improved due to the lower external costs and improvement of financial items.

OUTLOOK

The company expects a profit before tax for 2018 in line with 2017.

EVENTS AFTER THE BALANCE SHEET DATE

No changes after the balance sheet date impacting the financial position at 31 December 2017.

Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today discussed and approved the annual report of Ejendomsselskabet Gothersgade 55 ApS for the financial year 1 January – 31 December 2017.

The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December

2017, and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters and the results of the Company's operations and financial position.

Copenhagen, 21 March 2018

MANAGEMENT BOARD:

Hans J. Carstensen

BOARD OF DIRECTORS:

Lars-Johan Jarnheimer
Chairman

Torben Ballegaard

Steffen Kragh

Independent Auditor's Report

TO THE SHAREHOLDERS OF EJENDOMSSELSKABET GOTHERSGADE 55 APS

OPINION

We have audited the financial statements of Ejendomsselskabet Gothersgade 55 ApS for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal

control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 March 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Koefoed
State Authorised
Public Accountant
MNE no.: mne11689

Anders Stig Lauritsen
State Authorised
Public Accountant
MNE no.: mne32800

Income Statement

(DKKK)

Note	2017	2016
Revenue	14,788	13,118
Other external expenses	(3,488)	(5,250)
Operating profit	11,300	7,868
2 Financial income	1,609	1,289
3 Financial expenses	(850)	(2,183)
Profit before tax	12,059	6,974
4 Tax on profit for the year	0	0
Net profit for the year	12,059	6,974
Distribution of net profit:		
Proposed dividends	12,059	7,822
Retained earnings	0	(848)
	12,059	6,974

Statement of Financial Position at 31 December

(DKKk)

Note	Assets	2017	2016
	Investment property	230,000	230,000
5	Property, plant and equipment	230,000	230,000
	Total non-current assets	230,000	230,000
	Trade receivables	5,505	5,437
	Receivables from group enterprises	38,619	34,375
	Receivables	44,124	39,812
	Securities	167,132	166,768
	Cash and cash equivalents	789	596
	Total current assets	212,044	207,176
	TOTAL ASSETS	442,044	437,176

Statement of Financial Position at 31 December

(DKKk)

	2017	2016
Equity and liabilities		
Share capital	41,000	41,000
Retained earnings	200,582	200,582
Proposed dividends	12,059	7,822
Equity	253,641	249,404
6 Deferred tax	8,121	8,121
Total provisions	8,121	8,121
Mortgage debt	166,909	167,436
Prepayments from customers	7,449	7,375
7 Non-current liabilities	174,359	174,811
7 Mortgage debt	362	0
Prepayments from customers	3,725	3,688
Trade payables	153	191
Payables to group enterprises	167	259
Other payables	1,516	702
Current liabilities	5,924	4,840
Total liabilities	180,282	179,651
TOTAL EQUITY AND LIABILITIES	442,044	437,176

- 1 Accounting policies
- 8 Staff
- 9 Contingent liabilities and collateral
- 10 Related parties

Statement of Changes in Equity

(Dkkk)

	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2016	41,000	200,582	11,883	253,465
Paid dividends	0	0	(11,883)	(11,883)
Value adjustments of hedging instruments	0	848	0	848
Retained earnings	0	(848)	7,822	6,974
Equity at 1 January 2017	41,000	200,582	7,822	249,404
Paid dividends	0	0	(7,822)	(7,822)
Retained earnings	0	0	12,059	12,059
Equity at 31 December 2017	41,000	200,582	12,059	253,641

41,000 shares per DKK 1,000 constitute the Company's share capital. Share certificates have not been issued. No shares have special rights.

1 Accounting policies

The financial statements for Ejendomsselskabet Gothersgade 55 ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to entities of reporting class B.

The accounting policies applied in the presentation of the financial statement are consistent with those of the previous year.

INCOME STATEMENT

Revenue

Revenue comprise of income from the leasing of properties and other income in connection therewith.

Other external expenses

Other external expenses comprise of the property's operating expenses and miscellaneous administrative expenses.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and allowances in the tax prepayment scheme.

Tax on profit for the year

The Company is assessed jointly for Danish tax purposes with the other domestic entities in the Egmont Group with Egmont International Holding A/S as the administration company of the joint taxation arrangement.

The current tax is allocated through payment of tax contributions between the jointly taxed companies in proportion to their taxable income. In this relation,

companies with tax losses receive contributions from companies that have used these losses to reduce their own taxable profit (full absorption).

Income tax for the year comprises joint taxation contribution and changes in deferred tax, including as a result of changes in tax rates is recognized in the income statement with the portion attributable to the profit and in equity with the portion attributable to items recognized directly in equity.

BALANCE SHEET

Property, plant and equipment

Investment properties are measured initially at cost, which includes the property purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in fair value are recognised in the income statement as a fair value adjustment of investment properties in the period in which the change occurs.

Receivables

Receivables are measured at amortised cost. Provisions are made for bad debts based on an individual assessment.

Dividends

Proposed dividends are recognised as a liability at the time of adaption at the Annual General Meeting (declaration date). The expected dividend payment for the year is shown as a separate item under equity.

Current tax payable/receivable and deferred taxes

Payable or receivable joint tax contributions are recognised in the balance sheet as "Joint tax receivable" or "Joint tax payable".

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities.

Financial liabilities

Mortgage loans used to finance investment properties are recognized at the date of borrowing as the fair value of the net proceeds received less transaction costs paid. After initial recognition mortgage loans are measured at amortized cost.

Other liabilities are measured at net realizable value.

2	Financial income	2017	2016
	Interest income, group enterprises	820	696
	Other financial income	789	593
	Total	1,609	1,289
3	Financial expenses		
	Interest expenses, group enterprises	0	(938)
	Other financial expenses	(850)	(1,245)
	Total	(850)	(2,183)
4	Tax on profit for the year		
	Current tax on profit for the year	0	0
	Deferred tax	0	0
	Total	0	0
5	Investment property		2017
	Fair value at 1 January 2017		230,000
	Fair value adjustment		0
	Fair value at 31 December 2017		230,000

Investment property consist of a rental property, under a long term lease with a 24 month term of notice. The fair value is calculated according to the net rental method. A valuation model in accordance with that recommended by "Ejendomsforeningen Danmark" has been applied.

The value of the property has been calculated on the basis of its expected operating income (pre-tax return) of about DKK 16.6 million and a required rate of return of 4.00%, determined on the basis of the general market level and specific circumstances relating to the property.

If the required rate of return increase or decrease by 0.25%, the fair value of the investment will be affected at the most by approx DKK 19 million.

The property is pledged as security for the company's mortgage debt.

- 6 Deferred tax**
Deferred tax relates to investment property.

7 Non-current liabilities	Total debt at 31.12.2017	First year instalment	Remaining debt after 5 years
Mortgage debt	167,272	362	146,212
Prepayments from customers	7,449	0	0

The company has raised mortgage loans, of which nominal DKK 135 million is instalment-free until April 2020 and nominal DKK 32 million is instalment-free until April 2023.

As the underlying bonds have a negative interest rate, the negative interest rate is converted into extraordinary amortizations.

8 Staff

Besides the management, there are no other employees in the company.
The management is remunerated by Egmont Fonden.

9 Contingent liabilities and collateral	2017	2016
Security in land and buildings for mortgage loans of group enterprises	663,550	664,224
VAT liability of potential disposal of the investment property	267	283
Total	663,817	664,507

The Company is jointly taxed with Egmont International Holding A/S, which is the company managing the joint taxation. The Company is jointly and severally liable with the other Danish companies in the joint taxation of corporate taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' total amount of income tax payable appears in the annual report of the Egmont International Holding A/S. Any subsequent corrections of taxable joint taxation of income or withholding taxes on dividends, interest and royalties could cause the Company's liability to increase.

10 Related parties

The company is 100% owned by Egmont Fonden, Vognmagergade 11, 1148 Copenhagen K and is a part of the consolidated financial statements of the Egmont Group.